

LETTER FOR FINANCE COMMITTEE ON SENATE BILL 28

Senator John Fonfara  
Co-Chair, Finance, Revenue and Bonding Committee  
Room 3700, Legislative Office Building  
Hartford, CT 06106

Representative Patricia Widlitz  
Co-Chair, Finance, Revenue and Bonding Committee  
Room 3700, Legislative Office Building  
Hartford, CT 06106



Dear Senator Fonfara, Representative Widlitz and Members of Committee,

I am writing to you both as an individual Angel investor and as the president of the Angel Investor Forum (AIF), Connecticut's largest Angel Investment Group to offer my support for the Governor's recommendation to replenish the Angel Investment Tax Credit with at least \$3 million in funding. However, I am concerned that Section 7 of Senate Bill 28 which establishes a recapture provision against the tax credit will have the unintended consequence of discouraging our group's investments of dollars and time in Connecticut companies.

Our group has made extensive use of the existing Angel Investment Tax Credit and it has led us to take a greater interest in Connecticut investment opportunities. Our members are more involved with advising early stage Connecticut companies to prepare them for possible Angel investment because of the credit. The state's focus on supporting the innovation ecosystem has started to bear fruit and it would be a tragic loss to sacrifice these early gains due to this recapture provision.

From an investor perspective, the Angel Investment Tax Credit helps us to mitigate a portion of the fantastic risks we take in investing in early stage companies and allows us to invest in more Connecticut companies. Ironically, Section 7 of Senate Bill 28 makes that investment even more risky by throwing in an element of uncertainty long after the investment has been made. This risk is heightened when you consider that we often invest via an LLC fund structure with members from the tri-state area. How will our members from New York feel about the additional accounting and compliance expenses when they don't derive any benefit from the credit? Why does the recapture provision punish the very investors you want to encourage when the company fails or falls below the 75% Connecticut employee threshold due to no fault of the investors? Despite our best efforts, about half of the companies we invest in will fail, which we accept however, the notion that after such a failure Connecticut would demand their credit money back is adding injury to injury.

For these reasons, I respectfully urge you to remove Section 7 from Senate Bill 28.

Sincerely,

*Edward C. Goodwin, Ph.D.*

Edward C. Goodwin Ph.D.  
President, Angel Investor Forum